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DIRECTORATE OF INTELLIGENCE

17 June 1985

China: Nuclear Export Policies and Practices
Since 1 January 1984 [redacted]

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Summary

In its first 18 months as an IAEA member, Beijing's actions suggest an increased awareness of the need to take reassuring steps in the international arena with regard to China's nuclear export policy. Chinese officials have reaffirmed their commitment to engage only in peaceful nuclear cooperation with other countries. In 1984 China signed its first bilateral nuclear accord containing a mandatory provision for IAEA safeguards, and has continued to agree to such safeguards in its most recent agreements with Argentina, Belgium, and possibly the Netherlands. Nonetheless, China has continued some unsafeguarded nuclear export activities, probably under agreements reached prior to becoming an IAEA member. [redacted]

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[redacted] China also continues to decline to adopt specific guidelines for the application of safeguards, either its own or the guidelines

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This memorandum was prepared by [redacted] Foreign Affairs Branch, China Division, Office of East Asian Analysis and Connie Rea, Nuclear Proliferation Branch, Nuclear Issues Division, Office of Global Issues. Information available as of 17 June 1985 is contained in this memorandum. Comments and questions are welcomed and should be addressed to Chief, China Division, OEA [redacted]

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published by the IAEA that Western and Soviet Bloc nuclear suppliers use to govern their nuclear export activities. Because the evidence is incomplete, it is extremely difficult to make any definitive assessment of China's intentions to either continue to export unsafeguarded materials or adhere to IAEA regulations in its nuclear export industry. [REDACTED]

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Background

[REDACTED] [REDACTED]
We believe China entered the nuclear market primarily to earn hard currency, but Beijing also appeared to believe that participating in global nuclear trade would increase its access to Western nuclear technology. Seeking to limit the sharply critical reactions to its unsafeguarded nuclear sales--and to increase its chances of gaining access to US nuclear technology--China announced in September 1983 that it would join the International Atomic Energy Agency (IAEA) on 1 January 1984. [REDACTED]

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In joining the IAEA, Beijing signalled its willingness to exercise restraint as a nuclear exporter and pledged to ensure that its exports of nuclear technology would be used only for peaceful purposes. China did not, however, commit itself to imposing safeguards on all exports. IAEA statutes state only that IAEA safeguards are necessary on any IAEA-sponsored nuclear project. In other cases, the application of these or other safeguards depends on mutual agreement between the supplier and customer. [REDACTED]

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Embassy Beijing has reported that Beijing's position on safeguards and on-site inspections reflects its concern for China's sovereignty and independence, China's status as a nuclear-weapons state, and its historic opposition to the non-proliferation treaty on which most safeguards are based. For example, safeguards and inspections conjure up images of foreign extraterritoriality. [REDACTED]

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Traditionally, IAEA members--the major Western and Soviet Bloc suppliers, as well as South Africa--have used one of the major nuclear suppliers' agreements (either the Zangger or London Suppliers' Guidelines) as the basis for applying safeguards to their nuclear exports in situations where IAEA controls have not pertained. Included in these lists of nuclear-related materials normally covered by safeguards are heavy water and enriched uranium, both of which China has exported. Because membership in

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the IAEA does not obligate China to accept any of these guidelines, however, Beijing can define for itself in its bilateral negotiations which materials, goods, and technology it transfers will require safeguards as a condition of sale--a practice Beijing has adopted in all of its signed nuclear agreements to date. [REDACTED]

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Beijing's Record

Since joining the IAEA, Beijing has affirmed on a number of occasions--both public and private--its commitment to engage only in peaceful nuclear cooperation with other countries. Most recently, in January and February 1985, Chinese Vice Premier Li Peng publicly reiterated Beijing's commitment not to assist non-nuclear weapons states in obtaining nuclear weapons, adding that Beijing would "fulfill" its IAEA obligations and "respect" IAEA regulations. [REDACTED]

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Recent Chinese policy statements reaffirm positions Beijing has consistently taken since September 1983, when it announced its decision to seek IAEA membership. We believe China's public statements may represent the direction in which it hopes to drive its nuclear export policy. [REDACTED]

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In support of this view, we note that in the past 18 months Beijing has completed (or is negotiating) nuclear cooperation accords with seven countries in addition to the United States. Several of these nuclear agreements explicitly address the question of the conditions under which China will require application of IAEA safeguards:

- China and Brazil publicly signed a nuclear cooperation accord in October 1984 in which each country agreed to apply IAEA safeguards on nuclear materials and equipment transferred between them. [REDACTED]

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- During 1984-85 China has also negotiated with Japan for a nuclear cooperation agreement. Beijing wants to acquire Japanese technology for its domestic power program but Tokyo has insisted that its exports to China be subject to IAEA safeguards, according to US Embassy reporting. After several rounds of negotiations, China has agreed to a voluntary safeguards/inspection arrangement by the IAEA, the first such arrangement with a major supplier state. [REDACTED]

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[REDACTED]

As a non-NPT, nuclear weapons state¹ China falls into a "gray" area in terms of IAEA safeguard procedural requirements. This, in practice, means that Beijing can define for itself which of the nuclear materials, goods, and technology it exports will be subject to safeguards. China has told US officials that it intended to safeguard nuclear exports made after it joined the IAEA, but Beijing has not, to our knowledge, set out the specific guidelines it will use in determining what safeguards will be applied. This does not violate China's obligations as an IAEA member, but it makes it difficult to assess the significance of Beijing's commitment to safeguard post-January 1984 nuclear exports. [REDACTED]

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China's nuclear dealings with Brazil underscore this point. Beijing's willingness to accept and require IAEA-administered safeguards on nuclear exports to Brazil is a positive development. But the Sino-Brazilian nuclear accord appears to be only one part of a broader and far-ranging package of scientific and technological agreements concluded in 1984 between these two countries. [REDACTED]

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¹ Since the 1960s China has strenuously opposed the Nuclear Nonproliferation Treaty (NPT) on the grounds that it "discriminates" against developing countries. [REDACTED]

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